

CONSIDERATIONS ABOUT THE STRATEGIC ALLIANCES BETWEEN SMEs IN THE CONSTRUCTION INDUSTRY AND TOURISM

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Abstract

The SMEs who are looking the way to success and sustainable development are beginning to seek strategic alliances with one or more players on the market, just to gain fast and inexpensive acces to: technology, expertise, marketing, production, distribution and other benefits.

Tourism development both as a way to spend a pleasant and instructive leisure, even as a service activity required at various stages of a tourist trip, is a necessity of today civilization, with broad prospects for development, is at once a consequence and cause of mutations economic, social, cultural and environmental. Thus, this paper approaches the advantages and disadvantages of strategic alliance between SMEs in the construction industry and tourism, and the elements necessary to achieve its objectives, in view to stimulate touristic activities and development of constructions sector.

Keywords: *strategic alliances, partnerships, SMEs, tourism, construction, competitiveness*

JEL Classification : *L74, M21*

1. Introduction

Tourism activity is among the few phenomena that have imposed in the contemporary era, his spectacular development being a characteristic feature of the twentieth century and especially in the second half of it.

The powerful social and economic changes in the contemporary period have created and developed the tourism, which in turn stimulated the development of other sectors of national economy, by his object of activity such as construction industry, transport, trade, etc.

A strategic alliance between SMEs in the construction industry and tourism is a strategy to get the resources necessary to the business without incurring significant debt. This occurs when two or more companies form an alliance and at the same time preserving their own identity.

I consider that a strategic alliance between SMEs in the construction industry and tourism will be successful when will have the advantages of a distributive vision, good defined objectives, an efficient cooperation and a permanent concern for customer satisfaction.

This paper describes those variables that can influence the success of an alliance. The partners purpose in this alliance is the profit that will ensure their continuing development, the rationality of economic activity and competitive ability.

2. Role and importance of SMEs in the construction industry for the tourism

SMEs in the construction industry are meant to create conditions necessary for human activities to create material and spiritual values, housing and leisure, culturalization, storage, sale of products necessary for material and spiritual life. Fulfilling this role, the constructions are closely related to social development and by development of the productive forces.

SMEs in the construction industry is one of the basic sectors of material production, which ensuring the development of other sectors through the conditions its create to them, through high consumption of products of other industries, through high volume of transport and technical facilities on that it guarantees.

Tourism needs developed infrastructure, modern transport, appropriate conditions of accommodation, food and entertainment, local and regional amenities. Natural advantages of a place (the beauty and diversity of landscape, climate, air etc.) are not enough to attract visitors. Accommodation occupy in current structure of prestation in the tourism the most important place, accounting for about 40%. Along with this, accommodation has many implications for others elements of the tourism product, constituting itself as a material support for performing

the tourist activity. As such, the quality and efficiency of this service, depends on the SMEs in the construction industry.

An increasing importance contribution to the success of touristic activities it have the services with character cultural-educational and entertaining like: participation in shows and folk events, visiting museums, exhibitions, memorial houses, meetings with personalities from the field culture, art, science, organizing competitions on different topics or skill etc.

Technical construction with touristic function, present interest through architecture, the originality of construction or location, by size, by the material used or through past or present functions. Between representativ objects in this category, I mention: buildings that are headquarters of companies and institutions (banks, stock exchanges, airports, railway stations, ports, supermarkets, etc.), buildings for exhibitions and economic fairs etc. Bridges and viaducts are elements of art accompanying roads and railways, necessary for crossing the river networks, of lakes, maritime straits etc.

It can be said that the development of SMEs in the construction industry directly influences the development of effective tourism activities.

3. General issues regarding on strategic alliance between SMEs in the construction industry and tourism

Achievement the objective of increasing the competitiveness of Romanian tourism needs to intensifying international promotion of Romania as a touristic destination, together with development of SMEs in the construction industry. For a good development of tourist activity, I consider that is necessary a strategic alliance (partnership) on vertical, that will stimulate the involvement and collaboration between companies to implement innovative ideas.

A strategic alliance is an agreement / commitment to collaboration which on a company makes with its competitors, suppliers, customers, distributors or companies belonging to other sectors in order to develop, produce, distribute or launch a product or a service on market (Caves, 1994).

Through strategic alliance does not mean any agreement between enterprises. Essential notion of an alliance (Ciobanu & Ciulu, 2005) is to maintain the independence of each partner companies, despite an agreement that binds each other. Alliances are agreements between companies that pursuing common goals but retain strategic autonomy and preserves their own interests to them. See Figure no.1.

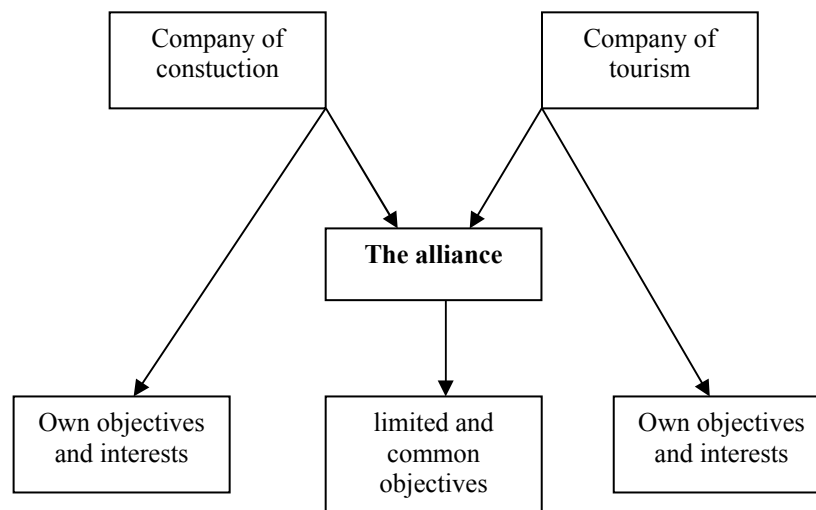


Fig. No.1 Strategic alliances

Source: Ciobanu, I., Ciulu, R., Competitive strategies of company , Publishing Polirom, Iasi, 2005, p.239

Strategic alliances between SMEs in the construction industry and tourism can be defined as a relationship where (Cook & Hancher, 1990):

- all looking for solutions, from which partner companies have to earn (normal exercise of powers, public credibility);
- put value on cooperation relations and long-term cooperation;
- trust and honesty are normal things;

- all are encouraged to openly address any issue;
- innovation is encouraged;
- each partner is aware of the needs, concerns and objectives of the other, and has every incentive to help their partner to realize its plans.

The main advantages of a business partnership (Pivniceru & Luca, 2007) are the low cost and easy making.

From a financial perspective, the advantage of alliances is to put together funds. A strategic alliance allows two or more people to work together and bring different skills and resources for business. Second, a partnership is fairly easy to fix.

Strategic alliances between SMEs in the construction and tourism are excellent [8] to make tests before a full-fledged merger. Because owners do not change, is very easy to give up the understanding if things not go as they should. Another important advantage of partnerships is that it can be part of several alliances at the same time, as opposed to mergers or acquisitions. The greatest benefit that companies seek through strategic alliances is to replenish its shortcomings or deficiencies.

Advantages of a strategic alliances are (Hurduzeu, 2006) multiple, among which it can mention:

- economies of scale or learning from the partner;
- access to knowledge;
- reduce risk;
- modeling competition.

Must be considered and the main disadvantages (Pivniceru & Luca, 2007) in forming a strategic alliance type partnership between SMEs of construction and tourism. First, because the partnership is not considered to be separate from its owners, partners are personally liable for partnership obligations. If the business fails, the partners will be personally responsible for payment of all debts and obligations of the partnership. Second, because each partner is an agent of business and other partners, each partner is personally liable for the actions of other partners. If one partner take a bad business decision, or commit acts of negligence, all other partners are personally responsible.

The incompatibility of partners, the access to information, distribution of income resulting from the alliance, the potential loss of autonomy, the changes of circumstances are just some of the causes (Hurduzeu, 2006) that can dissolve a strategic alliance.

The concept of strategic alliance, partnership type involves understanding, trust and balance, but that does not mean that the dependence disappears - it just changes the nature of things.

4. Recommendations for a successful strategic alliance, between SMEs in the construction industry and tourism

The structures of touristic reception are the main segments of the Romanian tourism offer. All touristic reception structures are considered decisive to valorification the offer, because conditioning directly recreation, leisure and catering for the tourists. From this reason, a strategic alliance between SMEs in the construction industry and tourism it is welcome.

It needs some effort to keep health strategic alliance between SMEs in the construction industry and tourism, before any step in this direction, you should consider several key factors [8]:

- Before you choose a strategic partner, must be prepared action plan to set out clearly the searched benefits. Alloying with another company should bring a series of clear benefits, so this step is essential.

- It must found more about the company that is in focus, from its past business to the current situation. It must be checked if the partner is reliable, serious, that fulfills its obligations and has a healthy growth strategy, only then can be taken into account that company.

- It must be discuss very openly and accurately with potential allies, so that everyone to knows what the expectations and the potential difficulties which might arise. It is necessary to create a common system of performance evaluation, determining how each player will invest in the alliance, with what it will contribute and which are the expected profits. Perhaps more important, is to think about an exit strategy or problem solving strategy, if the things not work as it is desired.

SMEs in the construction industry and tourism can successfully form an alliance of type X. In an alliance of type X (Porter, 1986), firms share between them a certain domain of activities. The participation in an alliance type X, supposes the firm to identify their best positioned activities and to pursue within the coalition, access to activities that can not run effectively on its own. In this case, construction industry SMEs can build amusement parks, various facilities for the development of tourism. A type X alliance involve usually asymmetric position of firms in a given activity: one of these companies is stronger and the other is weaker, by where resulting an mechanism constructing by coordination well established.

Assuming that by definition each member of the alliance meet their legal powers, partnership activities will build upon the support strategy what will involve the following elements:

- a) common understanding and commitment to mission, vision and objectives

This element intrinsic involves the participation of four other key factors: (Aldrige., etc., 2002)

- the sensed need

Collaboration is at risk if participants do not feel the intensity of the problem to be solved. The building of collaboration is sometimes a difficult task that requiring time and labor. The representative of each partner companies, will have to make concessions, to designate one or more company representatives responsible for implementation activities, allocate time, money and other resources. The success of collaboration depends on the person or company for which the partnership or collaboration is or not a priority.

- clearly defined objectives

It is possible for members to work together to agree on a vision and missions, particularly if they are stated in general terms to ensure consensus of the participants. However, by understanding the common objectives should be specified, which can create problems for certain partnership entities. It is important not to pass over this step to avoid conflict or to pass a level of abstraction to attract consensus

- operational change

Ideally collaborations are built on the concept to working together will bring more success than working separately. Success is born of different ways to work participative. There is situations where a member of an partnership entity or even this, to expand the limits of its usual practice, in which situation bring prejudice to maintaining organizational integrity, beyond violation the legal powers of that entity.

- unrealistic work

If objects are unrealistic the SMEs managers and persons designated by the managers, as responsible for implementing the alliance will be discouraged, and cooperation will enter slowly in declining.

b) relations of trust between partners

A successful collaborative partnership requires flexible managers, who thinking in terms of good, have patience and trust one to others. b) relations of trust between partners

The presence in group to a person belonging of a partner companies who is suspicious and reluctant about the motivation of the other partners, can absorb all the energy required to achieve a successful alliance.

c) structure for implementation the plan

Necessarily, implementation plan require (Pivniceru & Luca, 2007) a structure to support the partnership activity. Those who compose the alliance, need a calendar of meetings, and the structural foundation will be based on a financial component and a staff component.

There is a risk that persons designated by the involved managers in the partnership, which does not meet requirements imposed by the nature of developed project, jeopardizing the implementation of the collaboration. The reluctance of the staff to collaborate, low skills and lack of responsiveness to a specific program and its methodology for conducting it, is a barrier to achievement partnership program.

However, some projects and programs can not thrive without this component causing, as the lack of mobilization of financial resources, to lacking the finality some necessary partnerships.

d) leadership

It is important that representatives of agencies to be people in positions of decision (Pivniceru & Luca, 2007), which have a vision large enough so to look over the assignments of employment, up to tasks of development of a collaborative system.

The managers which places his own firm before the partnership working, jeopardize the cooperation partnership, and those who participate in working meetings to only collect information to protect their own business, attitudes that hinder the clotting of creative thinking, necessary in statutory of ways of work to finalize the purpose of partnership declared.

A successful alliance must have autonomy and flexibility. Autonomy means that the strategic alliance to have a management team of its own, so a body of directors own alliance, as contributing to efficient decision-making process, enabling rapid resolution of any conflicts that may arise. Flexibility is required under a dynamic environment, it is necessary to adapt rapidly to environmental changes. Strategic alliances between a strong partner and weak partner, are effective only in isolated cases. Weak partner usually is a burden to maintain competitiveness of partnership.

5. Conclusions

SME's in construction industry, which focusing on the touristic structures of reception can contribute in a better measure to development, further, to the tourism activity and improve service quality. The evolution of strategic alliances between SMEs in the construction industry and tourism, determines the diversity in the clients sector and concentration in the supplier sector. In the latter case, weak suppliers are unable to become reliable partners and they have marginal positions or disappear, while suppliers that have the necessary resources will consolidate their position.

The complexity of relations in the strategic alliance between SMEs in the construction industry and tourism can be affected by each partner's role and attitude, by the suspicion and communication, by the difficulties and complexity of objectives. A strategic alliance to achieve objectives requires managers to think in terms of customers, competitors, employees and the position they hold in relation to each of them.

We can note that a strategic alliance ensures increasing returns through positive experiences of the results of collaboration, which involves focusing on a common vision and efficient strategic planning. It is true that besides the advantages they bring, alliances require much time, effort and goodwill from all concerned, to obtain proportional earnings.

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